

NEW POLICIES INTRODUCED IN HANDBOOK 4350.3 REV-1, OCCUPANCY REQUIREMENTS OF SUBSIDIZED MULTIFAMILY HOUSING PROGRAMS

1. Estimating medical expenses

- **New Handbook:** 1) Owner must use expenses the family anticipates to be paid during the 12 months after recertification. 2) Owner may use unreimbursed medical expenses paid during the past 12 months to estimate medical expenses. 3) Past “one-time” nonrecurring medical expenses that have been paid in full may be used in the calculation of the medical expense deduction if the one-time expense was not used for an interim recertification in the prior year. (*Paragraph 5-10.D*)
- **Old Handbook:** Expenses anticipated to be paid by the family in the 12 months after recertification.
- **Applicability:** The guidelines concerning medical expense deductions are applicable to all Section 8 and Section 236 projects. They are not applicable to LIHTC projects (unless the tax credit project has HUD, Section 8 or Section 236 financing), MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
This change requires Agents to calculate eligible medical expenses in more than one way. Accurate calculation and documentation of medical expenses is still required. Miscalculations typically result in tenant review file findings requiring corrective actions. See Paragraph 5-10(D) and Exhibit 5-3 for a complete discussion of medical expense deductions.	Immediate: new move-ins and recertifications. (Immediate = June 12, 2003)

2. Increases the threshold that triggers an interim recertification.

- **New Handbook:** \$200 (*Paragraph 7-11*)
- **Old Handbook:** \$40
- **Applicability:** The guidelines concerning interim recertifications are applicable to all Section 8 and Section 236 projects. They are not applicable to LIHTC projects (unless the tax credit project has HUD, Section 8 or Section 236 financing), MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
<p>Agents should post the new model lease in the community space and send appropriate notification to residents. Notification should include a statement that the residents understand the change to the lease. This statement should be signed by all parties on the lease and returned to the office within 30 days of issuance. See Chapter 7 for a complete discussion of recertification guidelines and Chapter 6 for a discussion about lease requirements.</p>	<p>Agents should notify all residents by October 1, 2003. Residents should be given 30 days to accept the terms of the new lease, providing the signed statement to the Agent.</p> <p>Immediate: New leases with the change in language from \$40 to \$200 should be issued at recertifications and move-ins.</p> <p>Immediate: Requests for interim recertifications should be processed according to the \$200 language; residents can initial change in lease amount from \$40 to \$200. (Immediate = June 12, 2003)</p>

3. Revises recertification timeline for starting the process of notifying tenants.

- **New Handbook:** 120 days prior to tenant's recertification anniversary date (*Paragraph 7-7*)
- **Old Handbook:** 90 days prior to tenant's recertification anniversary date
- **Applicability:** The guidelines concerning recertification timelines are applicable to all Section 8 and Section 236 projects. They are not mandatory for LIHTC projects (unless the tax credit project has HUD, Section 8 or Section 236 financing), MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects, however, it is strongly **recommended** that all projects follow the 120 day guideline.

Clarification	Full Implementation Date
As stated and clarified in Mr. Stillman Knight's Memorandum.	January 1, 2004.

4. Tenant Selection Plans

- **New Handbook:** Requires owners to develop, and make public, a tenant selection plan that includes certain required contents. (*Paragraph 4-4.A*)
- **Old Handbook:** Stated that owners should develop a written tenant selection plan
- **Applicability:** The guidelines concerning tenant selection plans are applicable to all Section 8 and Section 236 projects. They are optional, but recommended, for LIHTC projects (unless the tax credit project has HUD, Section 8 or Section 236 financing), MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
As stated, with emphasis on “required and made public.”	January 1, 2004.

5. Affirmative Fair Housing Marketing Plan

- **New Handbook:** Requires owners to review the AFHMP every 5 years and update as needed to ensure compliance. (*Paragraph 4-12 F*)
- **Old Handbook:** No requirement for frequency of update
- **Applicability:** The guidelines concerning affirmative fair housing marketing plans are applicable to all Section 8 and Section 236 projects. They are optional, but recommended, for LIHTC projects (unless the tax credit project has HUD, Section 8 or Section 236 financing), MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
The Agent is required to review and if necessary update the AFHMP every 5 years. The Agent should complete a signed cover Memorandum for any unchanged AFHMP, indicating it has been reviewed and no changes are needed. A revised AFHMP requires HUD approval.	January 1, 2004.

6. FAMILY SIZE FOR INCOME LIMITS

- **New Handbook:** Owners must include unborn children and children who are in the process of being adopted for determining family size for income limits. *(Paragraph 3-6.E.3)*
- **Old Handbook:** Owners must count all children anticipated to reside in a unit for determining how many bedrooms a family may occupy. A note at the bottom of Figure 3-6 indicated that unborn children and children who are in the process of being adopted are considered household members for determining income limits, however guidance was given to disregard this note.
- **Applicability:** The guidelines concerning family size for income limits are applicable to all projects, including Section 8 projects, Section 236 projects, LIHTC projects, MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
<p>In the event a tenant requests an accommodation for either unit size or eligibility at admission because of an unborn child, the following guidelines apply:</p> <p>Unit size, 3-22.E.6: “The owner must count all anticipated children. Anticipated children include the following: (1) Children expected to be born to a pregnant woman.”</p> <p>Income Limits, 3-6.E.4: “When determining family size for income limits, the owner must include the following individuals who are not living in the unit: ... Unborn Children of pregnant women.”</p> <p>Guidance: The Owner explicitly <u>cannot</u> require third party verification (see Appendix 3); If consistently applied, Owner may develop a standard declaration form for the Tenant’s signature which states something to the effect that: “I am requesting a ___ bedroom unit because I am pregnant and expecting a child”.</p> <p>Occupancy software does not currently</p>	<p>Immediate: If the owner wishes to use a Tenant declaration of pregnancy, the declaration form should be consistent with the handbook and all house rules.</p> <p>(Immediate = June 12, 2003)</p>

<p>accommodate an unborn child exceptions; until software accommodates such exceptions:</p> <ul style="list-style-type: none"> • Call your software vendor and determine how to edit the income limits so that you can produce an admission 50059 which does not include the child (the \$480 dependent allowance cannot be applied until the child is born). • Note on the paper 50059 that exceptional income limits have been used; • Submit the signed paper 50059 to MSHDA and a copy of the signed tenant declaration <p>Reset your income limits to the proper values so that subsequent 50059's are not calculated using the higher limits.</p>	
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7. House Rules

- **New Handbook:** House rules are established at the discretion of the owner. Provides extensive discussion for establishing house rules and suggested "reasonable" and "unreasonable" house rules. (*Paragraph 6-9*)
- **Old Handbook:** House rules are established at the discretion of the owner. Provided limited examples of house rules.
- **Applicability:** The guidelines concerning house rules are optional, but recommended, for all projects, including Section 8 projects, Section 236 projects, LIHTC projects, MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
<p>Additional information is provided with this change. Where house rules exist, they must be "reasonable" and consistently applied. House rules are an integral document to the lease and therefore must be attached to the lease.</p>	<p>Immediate: During management reviews, House rules may be reviewed for "reasonableness."</p> <p>(Immediate = June 12, 2003)</p>

8. Remaining Family Member

- **New Handbook:** Provides extensive guidance for defining remaining family member and defines under what circumstances assistance may, or may not, be provided that person. (*Paragraph 3-15*)
- **Old Handbook:** Defines “surviving family member.” Offers no guidance on when assistance may, or may not, be provided that person.
- **Applicability:** The guidelines concerning remaining family members are applicable to all projects, including Section 8 projects, Section 236 projects, LIHTC projects, MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
As stated.	Immediate (June 12, 2003)

9. 59 Data Requirements (a form with a description of certain tenant data that the owner is required to collect from tenants that's used to calculate tenant's eligibility and tenant's rent).

- **New Handbook:** Form must be signed by all adult members of the household. (*Paragraph 9-5.A.4.b*)
- **Old Handbook:** Form must be signed only by head of household.
- **Applicability:** The guidelines concerning the 59 Data Requirements are applicable to all Section 8 and Section 236 projects and all units occupied by Section 8 voucher or certificate holders. For LIHTC projects (unless the tax credit project has HUD, Section 8 or Section 236 financing), MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects, the Tenant Income Certification (TIC) form now must be signed by all adult members of the household.

Clarification	Full Implementation Date
All adult members of the household must sign paper 50059's. The effective date of the 50059 must equal or be earlier than the move-in date. The earliest dated signature on the form will be used to determine the move-in date.	January 1, 2004.

<p>At this time, the TRACS MAT file allows for only one signature. Until software changes are addressed, Agents are not expected to comply with electronic requirements of this change.</p> <p>Additionally, Agents are responsible for reporting changes to Ethnicity and Race Categories. Reference: Memorandum dated March 18, 2003 from Frederick Tombar III, Acting Deputy Assistance Secretary for Multifamily Housing, HT.</p>	<p>Immediate (March 18, 2003): Agent procedures to collect this data will be verified to ensure changes/categories are being reported. Full implementation is required by January 1, 2004.</p> <p>Pending: "Once system upgrades have been implemented, Owner/Agents will be required to report race and ethnicity data electronically to TRACS."</p>
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10. Special Claims for Unpaid Rent and Tenant Damages and Vacancy Losses During Rent-Up

- **New Handbook:** Owner must submit claim within 180 days after the unit becomes available for occupancy. (*Paragraph 9-14.B.4.a and 9-14.C*).
- **Old Handbook:** Owner must submit claim within one year after the unit becomes available for occupancy for special claims for unpaid rent and tenant damages. There was no stated time limit for vacancy losses during rent-up.
- **Applicability:** The guidelines concerning special claims are applicable to all Section 8 and Section 236 projects. They are not applicable to LIHTC projects (unless the tax credit project has HUD, Section 8 or Section 236 financing), MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
<p>As stated and per Mr. Stillman Knight's Memorandum.</p> <p>Until the Special Claims Guidebook is published, including form changes, and software issues related to calculating Special Claims are addressed, Agents are not responsible for using actual number of days. Check with your software vendor. In some cases, both 30 day and accurate number of days can be accepted.</p>	<p>August 31, 2003: Actions which occurred prior to this date have one year to file Special Claims; actions which occurred after this date, have 180 days to file Special Claims.</p> <p>Pending: Software changes are not expected for these changes until another 18 months.</p> <p>EPS will accept either calculation.</p>

11. Calculating Partial Month Occupancy

- **New Handbook:** Calculate subsidy by dividing the actual number of days in a month. (*Paragraph 9-12(E)*).
- **Old Handbook:** Calculate subsidy by dividing by 30 days.
- **Applicability:** The guidelines concerning calculating partial month subsidy are applicable to all Section 8 and Section 236 projects and all projects receiving a MSHDA rent subsidy. They are not applicable to LIHTC projects (unless the tax credit project has HUD, Section 8 or Section 236 financing), MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage, unless the project receives a MSHDA rent subsidy), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
Check with your software vendor. In some cases, both 30 day and accurate number of days can be accepted.	Pending: Not required until software changes are addressed. Software changes are not expected until another 18 months. EPS will accept either calculation.

12. Citizenship and Immigration

- **New Handbook:** HUD provides clarification about policies an owner may adopt for applicants and citizens who claim U.S. citizenship and documentation required of non-citizen applicants (*Chapters 2 and 3 and Appendix 2*).
- **Applicability:** The guidelines concerning citizenship and immigration are applicable to all Section 8 and Section 236 projects. Projects governed by other regulations, such as LIHTC projects, MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects must comply with all applicable civil rights and fair housing laws.

Clarification	Full Implementation Date
Owners/agents should thoroughly review the discussion contained in the 4350.3 about citizenship and immigration, including Chapters 2 & 3 and Appendix 2.	Immediate (June 12, 2003)

13. Acceptable Verification Methods

- **New Handbook:** Verifications obtained by electronic sources, such as facsimile, Internet, e-mail may be used by the owner/agent. (*Paragraph 5-11 and Appendix 3*).
- **Old Handbook:** The validity of verifications obtained from electronic sources was not discussed.
- **Applicability:** The guidelines concerning acceptable methods of verification are applicable to all projects, including Section 8 projects, Section 236 projects, LIHTC projects, MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
Verifications obtained via facsimile and e-mail are acceptable provided the source fax numbers, source e-mail addresses and transmission dates appear on the documents. Internet verifications should contain the date and address of the website from which the information was obtained.	Immediate (June 12, 2003)

14. Criminal and Drug Screening

- **New Handbook:** Discusses the required criminal and drug screening standards (*Paragraph 4-7*).
- **Applicability:** The guidelines concerning criminal and drug screening standards are applicable to all Section 8 and Section 236 projects. They are not required for LIHTC projects (unless the tax credit project has HUD, Section 8 or Section 236 financing), MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
Owners/agents should thoroughly review Chapter 4 and 5 discussing tenant selection and lease requirements.	Immediate (June 12, 2003)